GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3013
ANSWERED ON:16.03.2001
PROCUREMENT OF SUGARCANE
MANSINH PATEL

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) the number and names of such sugar mills which pay the lowest procurement price of sugarcane alongwith the names of those which pay comparatively more procurement price; and

(b) the reasons for such imbalances in payments alongwith the steps proposed to be taken to improve the procurement of price?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI V. SREENIVASA PRASAD)

(a) & (b): The Central Government fixes the Statuory Minimum Price (SMP) of Sugarcane for each sugar season taking into account the following:-

(i) the cost of production of sugarcane

(ii) return to the goowers from the alternative crops

(iii) the general trend of prices of agricultural commodities

(iv) availability to the consumer at a fair price at which sugar produced from sugarcane is sold by the producers of sugar

(v) the recovery of sugar from sugarcane

Under the Sugarcane (Control) Order, 1966, the price paid to the sugarcane growers by a sugarmill cannot be below the SMP. Most of the sugar mills pay either the State Advised Price of Sugarcane or the Price agreed to which is higher than the SMP.

The system of payment of cane price in various States is at Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (a) & (b) OF UNSTARRED QUESTION NO. 3013 FOR ANSWER IN THE LOK SABHA ON 16-3-2001.

SYSTEM OF PAYMENT OF SUGARCANE PRICE BY DIFFERENT STATES.

Sub-tropical belt: In the sub-tropical States of Punjab, Haryana, Uttar Pradesh and Bihar, the State Governments have been announcing higher cane prices payable by the sugar factories.

In Gujarat, the cane prices are paid in instalments. In the South Gujarat zone, the cane prices are paid in three instalments, first instalment is paid at the time of crushing, second instalement at the closure of the season and the third and final instalment after the end of the sugar year taking into account the estimated profit and loss. In the Saurashtra region, the cane prices are paid in two instalments, the major amount is paid as first instalment at the time of crushing while the second and final instalment is paid after the end of the sugar year taking into consideration the estimated profit and loss.

In Maharashtra, the cane price is paid in two instalments. The first instalment is paid taking into account the SMP fixed by the Central Government, overall availability of the sugarcane, market prices of sugar etc. The first instalment to be paid is decided by a Committee headed by Chief Minister. The second and final instalment is paid taking into account the working results of the factory after permissible deductions.

In Karnataka, a minimum cane price is fixed linked to a recovery of 8.5% by the Governmentthrough negotiations with the management of the factories as also the cane growers associations. However, the factories negotiate final cane price with the cane Growers depending upon the profitability of the factory, under the aegis of Directorate of Sugar.

In Andhra Pradesh, the cane price is fixed taking into account the cost of cultivation forsugarcane and other related aspects. The State Advised Prices are linked to a basic recovery of 8.5% of cane. The prices are generally higher than the SMP. After the close of the season the additional cane price on the basis of Bhargava formula is worked out and paid to the formers.

In Tamil Nadu, according to the State Government, the cooperative and public sector millsare paying State Advised Price (SAP) while the private sector sugar mills of the State are not doing so. The cane price paid by the private sugar mills is, however, more than the Statutory Minimum Price (SMP) fixed by the Central Government.